

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 2 — 0 7

2. STATE:

MICHIGAN

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

June 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.297 and 447.298

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 1,291,475

b. FFY 2003 \$ 1,243,158

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A
pages 23 through 259. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Attachment 4.19-A
pages 23 ~~and~~ 25
thru

10. SUBJECT OF AMENDMENT:

IPH Cancer Research DSH Pool

11. GOVERNOR'S REVIEW (Check One):

- ☐
- GOVERNOR'S OFFICE REPORTED NO COMMENT
-
- ☐
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
-
- ☐
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

James K. Haveman, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

3/22/02

16. RETURN TO:

Michigan Department of Community Health
Federal Liaison Section
6th Floor Lewis Cass Building
320 South Walnut Street
Lansing, Michigan 48913

ATTENTION: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

3/25/02

18. DATE APPROVED:

6/19/02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

6/1/02 *BA*

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris

21. TYPED NAME:

Cheryl A. Harris

22. TITLE:

Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

MAR 25 2002

DMCH - MI/MH/VW

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: MICHIGAN

METHODS OF PAYMENT OF REASONABLE COSTS - INPATIENT HOSPITAL SERVICES

c. Distinct Part Rehab Units

Title XIX Charges x Operating Ratio x (IV - 0.2)

2. Special Pools

In addition to the regular DSH pools of \$45,000,000, the single state agency (SSA) is establishing the following special pools:

- a. Separate DSH pools will be created annually for geographic areas covered by an Indigent Care Agreement (ICA) approved by the Director of the SSA. Each pool will be established based upon local funds transferred to the state by one or more counties specifically for this purpose, the proportionate share of state dollars appropriated for such purposes for the geographic area covered by the ICA, and federal financial participation funds. Pool size will be determined annually.

DSH payments will be made to hospitals with approved ICAs between themselves and non-governmental entities established to provide medical care for the indigent population in eligible counties. Counties where approved ICAs exist will be excluded from participation in the State Medical Program (SMP). An approved ICA must include, at a minimum, provision for medical services for those individuals who would otherwise qualify for coverage under the SMP. Medical services provided under an ICA must equal or exceed that provided by the SMP.

One quarter of the annual payment to eligible hospitals participating in an approved plan will be made at the beginning of each state fiscal quarter. To be eligible, hospitals must meet minimum federal requirements for Medicaid DSH payments (found earlier in this section) and have an approved ICA in place. The DSH payment ceiling must be specified in the ICA. Local funds must be transferred to the state before a payment based on local funds will be made to a hospital.

- b. The single state agency (SSA) is creating a special DSH payment pool of up to \$5 million. The pool will be renewed annually at the same level.

The purpose of this pool is to:

- Assure continued access to medical care for indigents, and
- Increase the efficiency and effectiveness of medical practitioners providing services to Medicaid beneficiaries under managed care.

The SSA will approve one (1) agreement statewide with specific funding amounts each state fiscal year. To be eligible for the pool, a hospital must meet the following criteria:

- **Meet the minimum federal requirements for DSH eligibility listed in Section III.H.**

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Supersedes
TN No. 00-05

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State: **MICHIGAN**

METHODS OF PAYMENT OF REASONABLE COSTS - INPATIENT HOSPITAL SERVICES

- Have in place an approved agreement between itself and a university with both a college of allopathic medicine and a college of osteopathic medicine that specifies all services and activities to be conducted using the funds provided through the agreement.
- c. The single state agency (SSA) will annually create a separate DSH pool to fund indigent care. Participation in this pool will be limited to children's hospitals in counties with populations greater than two million. In order to participate, a hospital must have an agreement with the program approved by the Deputy Director for the SSA. A hospital's DSH ceiling must be specified in the approved agreement.

Counties where separate, approved Indigent Care Agreements (ICA) exist will be responsible for the provision of indigent care in their counties.

To be eligible to participate in this DSH pool, hospitals must meet federal requirements for Medicaid DSH payments. Minimum federal requirements may be found in Section III.H. A proportionate share of state dollars used to fund the State Medical and Indigent Care Programs and based on geographic coverage will be appropriated for this purpose. Payments by the SSA to hospitals participating in this pool will be made at the beginning of each quarter. Pool size and included counties will be determined annually.

- d. A special DSH pool of up to \$5 million is being created. The pool may be renewed annually. The purpose of the pool is as follows:
- Assure continued access to medical care for indigents,
 - Develop cancer prevention and control programs, and
 - Increase the efficiency and effectiveness of cancer treatment for Medicaid beneficiaries.

Participation in this pool will be limited to hospitals that meet the following requirements:

- The minimum federal requirements for DSH eligibility as listed in Section III. H.
- Have in place an agreement approved by the Department between itself and a university with a college of allopathic medicine. The agreement must include provisions for the development of cancer prevention and control programs.
- The agreement must include a schedule of activities and a budget.

Only one agreement per year will be approved per university.

The payment amount from this special DSH pool will be specified in the approved agreement. The payment amount is subject to the maximum allowable DSH payment for the hospital for the state fiscal year including all other DSH payments

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INPATIENT HOSPITAL SERVICES

made to the hospital. A single payment will be made from the special DSH pool within 30 days of each agreement being approved by the Department.

Payments will be made only to hospitals that have accepted cost reports on file with DCH by August 31st of the state fiscal year prior to the one in which the payment is made.

I. Capital

The initial reimbursement for capital will be paid as a separate Capital Interim Payment (CIP). CIPs will be made using a semimonthly schedule (24 payments per year). The CIP amount will be set using the most recent available cost data and an estimated impact of any applicable limits on capital. CIP amounts will be set annually at the beginning of the hospital's fiscal year. CIPs may be adjusted due to significant changes in capital costs that are not reflected in the most recent cost report.

After the end of the facility's fiscal year, the total amount paid under CIP is compared with total capital cost as reported on the filed cost report for that year less any capital limits that apply. Differences are gross adjusted.

If a hospital has a separate distinct part psychiatric unit, separate CIPs, comparisons to actual costs and determination of appropriate limits will be made for the distinct part unit and the balance of the inpatient hospital.

The Medicaid share of allowable capital costs is determined using Medicare Principles of Reimbursement.

The limits on capital described in this section apply for fiscal years beginning on and after October 1, 1990. The net licensed beds days calculation for hospitals whose fiscal year begins after September 30, 1990 and before January 1, 1991 and that reduce their licensed bed capacity by delicensing beds or using the rural banked beds option before January 1, 1991 will be made as if the reduction occurred on October 1, 1990.

Net licensed beds are used to determine net licensed bed days for capital reimbursement and include all beds temporarily delicensed, except for rural banked beds, with rural as defined under section 2 below. Net licensed bed days are:

Total Licensed Bed Days - Rural Banked Bed Days

A hospital may apply for a reduction in net licensed beds days to subtract bed days unavailable due to construction or renovation. Such a reduction is only available for beds which are taken out of service for construction or renovation for a limited period of time and which are returned to active inpatient service at the end of the construction or renovation project. Documentation of the construction or renovation project will be required.

Occupancy is:

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| TN No. | <u>02-07</u> | Approval | <u></u> | Effective Date | <u>6/1/02</u> |
| Supersedes | | | | | |
| TN No. | <u>00-05</u> | | | | |